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Country review report for Ghana*

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* The present report contains a summary of the findings of the review. The full text is available in the language of submission from the Executive Board secretariat.

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Introduction

1. The country review for Ghana was undertaken in August 2000, in accordance with the procedures set out in the UNDP programming manual for the monitoring of country cooperation frameworks (CCFs). In reviewing the CCF, extensive consultations took place with the Government, donor community, United Nations bodies and non-governmental organizations (NGOs). The present document is a summary of the more comprehensive review mission report.

I. The national context

2. There has been no significant change in the political, economic, social or environmental context since the time the CCF was drafted in 1996. Ghana has continued to consolidate its democratic system and processes and has moved towards a more open and pluralistic system than it had five years ago. There is a vibrant civil society and an extensive network of NGOs, not only in Accra, the capital city, but also in remote districts. The media are free and open, and contrasting political views find expression in the press and on radio and television. Opposition voices are heard alongside those of the Government. Political parties had been campaigning freely for the elections in December 2000. UNDP activities in governance and poverty reduction made a valuable contribution to the consolidation of the democratic process.

3. Ghana has continued to pursue open economic and liberal trading policies. The private sector plays the lead role in national economic development. However, recent months have witnessed new challenges to the open trading system. A massive devaluation of the currency was the result of an acute scarcity of foreign exchange, deriving primarily from declining prices for the country's main commodity exports and a sharp increase in the price of oil. The cost of living is having a serious impact on living standards, especially on the urban population, and poverty appears to have increased. Although these adverse circumstances are politically challenging, the Government continues to promote open trade and a liberalized economy. Ghana is heavily dependent on official development assistance (ODA). In 1988 and 1999, ODA flows amounted to an annual average of $700 million, approximately $35 per capita, or nearly 10 per cent of gross domestic product. UNDP, alongside the World Bank, has played an active role in supporting the Government to enhance the quality of aid coordination. Since 1999, the Consultative Group for Ghana has been held in Accra.

4. Ghana's human development indicators have shown a modest improvement in the last two years. Although Ghana's ranking in the human development index (HDI) was 129 out of 174 countries in the year 2000, the HDI value has increased from 0.467 in 1996 to 0.556, according to the latest estimate. This increase of over 20 per cent has brought Ghana into the medium human development category of 0.500 to 0.790. Although this reflects improvements in education and health, a high population growth rate of around 2.6 per cent places severe pressures on Ghana's fragile economy.

II. The country cooperation framework

5. The CCF was based on the National Development Policy Framework for the period 1996–2020. The following priorities and thematic areas were established for the CCF: poverty reduction, governance and public sector management; the private sector; environment and natural resources; and gender. Programmes have been developed for each of these themes and are being implemented. An additional project on microfinance has also been initiated since the design of the CCF.

6. In the area of poverty reduction, the main tasks visualized were building capacity in central institutions of government and also at the district level. Five districts were to be targeted for capacity enhancement. The programme was also to facilitate the establishment of a Social Investment Fund.

7. The CCF spelled out several elements to be addressed in the governance programme, focusing on building capacity of the parliament, judiciary and independent constitutional commissions (elections and human rights). An information technology component was an integral part of the capacity-building process.

8. Activities within the environment and natural resources theme focused on energy issues, climate change and sustainable environmental practices, and are implemented in collaboration with other United Nations agencies.

9. The CCF clearly advocated a programme approach. It was expected that all programmes would be integrated within the Government's overall thematic and sectoral strategies. The Ghana experience can be considered a model of the programme approach, where there is close convergence and integration between the CCF and government priorities and programmes.

10. National execution also appears to be a tool which facilitates the programme approach, as the Government assumes the responsibility for executing and implementing programmes and projects. Project offices are closely integrated into the machinery of government.

Recommendation

11. The CCF remains clearly relevant to the evolving situation in Ghana. The issues addressed through its programmes and projects are identical to the priorities set by the Government.

Agreed action

12. Adjustment of programme content will be made, in particular, efforts to narrow the UNDP focus, although CCF content remains relevant. The Government and country office have agreed to develop mechanisms to link downstream operations and upstream policy-making.

III. Programme performance

13. Overall, programme performance has been impressive. Three major programmes – the poverty reduction programme (PRP), governance, and a cluster of project activities in the broad area of environment – as well as a project on microfinance, are now being implemented. Two projects – gender and private sector – are about to be operational. There are important opportunities for cross-fertilization between and among these projects and programmes.

A. Poverty reduction programme

14. The PRP is making an important contribution to government efforts to address poverty issues, and is closely integrated within the poverty reduction strategy unit of the National Development Planning Commission. Consequently, the PRP is at the heart of the policy-making process. A particularly noteworthy contribution has been its preparatory work to establish the Social Investment Fund, now funded by the African Development Bank. In the five districts where PRP activities are concentrated, an extensive range of activities – agriculture and livestock, cottage industry, handicrafts and skills development – have been implemented through partnerships at the district level, which have brought district assemblies, NGOs and community-based organizations together. Most of the beneficiaries at the district level are women. The activities undertaken are particularly appropriate for mitigating seasonal poverty. The PRP has been the catalyst for more extensive activities by district authorities. PRP actions need to be viewed as pilot activities, and lessons should be drawn from them. An important drawback has been the lack of microfinance to extend these operations.

Recommendation

15. Greater attention needs to be accorded to the sustainability of the interventions in the PRP. The programme should be evaluated and consideration should be given to expanding beyond the five current districts, focusing more on health and education, and liaising with other donors. The PRP should also link with other UNDP projects and programmes.

Agreed action

16. Recommendations have been noted by the Government, the country office and headquarters, and the PRP will be evaluated during 2001. The country office has already institutionalized collaborative mechanisms with programme experts, aimed at establishing linkages and synergy between and among the various programmes. Government officials in policy-making positions are participating in quarterly programme steering committee meetings, and decisions taken at these meetings are integrated into government development policies.

B. Governance

17. The governance programme has placed UNDP at the centre of the process of consolidation of democracy in Ghana. UNDP work has played a pioneering role in bringing governance within the framework of development cooperation. The programme has been an important instrument in expanding the advocacy role of UNDP in such areas as constitutional reform, electoral processes, public sector reform and media and civil society engagement. It has built capacity in such key institutions as Parliament, the judiciary, constitutional commissions, and media and civil society. Another important contribution has been through the coordination of donor activities in the area of governance. The programme is the secretariat for the governance cluster within the Consultative Group mechanism. It has prepared a register of all donor assistance in the broad area of governance. The programme has made contributions that are valued by the Government and the donor community, and it has been a mechanism for resource mobilization, stimulating parallel financing arrangements. UNDP is also playing an important role in the electoral process: within its governance programme, it provides the secretariat for the donor working group for the 2000 presidential and parliamentary elections, and a trust fund has been established for this purpose. There have been components in the programme, however, such as facilitating administrative decentralization and provision of information technology, which have lagged behind. At the regional level, the programme has also enabled Ghana to link up actively with the Africa Governance Forum (AGF). In several areas (leadership, conflict resolution, accountability and transparency) the national governance forum synchronized its activities with the issues taken up by the AGF.

Recommendation

18. The governance programme should be evaluated, in order to make it more closely integrated with AGF processes.

Agreed action

19. Plans have been made for the programme to be evaluated in the second quarter of 2001, and consultants have been selected. The programme has already established strong linkages with AGF processes and has participated actively in the AGF forums held in Accra.

C. Environment

20. The bulk of non-core resources managed by UNDP are for environmental projects. Four environmental projects – the capacity 21 programme, funded by UNDP and the Capacity 21 Trust Fund; the ozone project, funded by the Multilateral Fund of the Montreal Protocol; the renewable energy project, funded by the Global

Environment Facility (GEF); and the GEF small grants scheme – are being implemented. The capacity 21 programme is focused on building environmental management capacity in eight districts and is a pilot exercise to generate insights for wider application. This project could benefit from greater linkages with the PRP projects and also through influencing district-level policy-making on environmental issues. The renewable energy project has experienced several problems in its efforts to introduce new technologies at the household level. Cost escalation of these technologies has made households hesitant to adopt them.

Recommendation

21. The environmental cluster of projects should be linked more closely to other programmes, such as the PRP and microfinance, and aim at greater convergence at district and community level.

Agreed action

22. The environmental cluster is already linked at the district level (in fact, the same expert within the District Planning Units manages them). Action has also been taken through the programme network to create a collaborative network.

D. Microfinance

23. The MicroStart project for development of the microfinance sector in Ghana has two areas of focus: providing capital to selected microfinance institutions (5 to 10 institutions) and building technical capacity of these institutions. The project appears to be making an impact, especially through upgrading the quality of bank operations and in reaching out to women who are micro-entrepreneurs. Instead of a free-standing private sector project, however, other programmes and projects could have been utilized to address private sector issues. Now that a project for the private sector is to be implemented, it needs to link up with other programmes and to determine its own niche.

Recommendation

24. Safeguards need to be introduced to ensure that profits generated from increased capitalization of microfinance institutions are utilized in such a way that they serve a social purpose and further encourage banking development, instead of accruing to shareholders. The project needs to consider what mechanisms to adopt in order to expand access to microfinance for the poorest districts. It should also work towards a wider approach to capacity-building of microfinance institutions.

Agreed action

25. The financial arrangement under the MicroStart project is designed so that dividends with respect to donated capital will primarily be retained for expansion of microfinance institutions, with a portion being used to support deserving community development projects. Action will be taken to design appropriate mechanisms to reach a larger number of the poorest groups (e.g., coupling activities of MicroStart loan capital grants with activities of the Africa 2000 Network, a UNDP flagship programme providing grants to poor communities).

E. Gender

26. The gender dimensions of development have been incorporated into most programmes. The PRP and microfinance activities have benefited women significantly, although there needs to be improvement in the governance programme. The CCF is well on its way to mainstreaming gender issues. In this context, the recent approval of a freestanding gender project should be examined.

Recommendation

27. The gender project should be reviewed so that selected activities can be implemented through other programmes, in order to synchronize related activities.

Agreed action

28. Agreement has been reached with the Government, country office and headquarters on the necessity of mainstreaming gender in all programmes and to reinforce the government focal institution to monitor the gender component of other programmes. UNDP will seek partners in civil society.

F. Programme management

29. As programmes have been operational for only two years, there is a clear rationale to continue current programme and project structures for at least the next three years. The content of programmes will have to be adjusted. Moreover, there has been no significant change in the national context that calls for any changes in the CCF. Its broad priorities and programmes remain as relevant as when it was formulated. The CCF is in accordance both with national priorities and with the corporate priorities of UNDP, focusing as it does on poverty reduction and governance. The next CCF should follow the evaluations of current programmes.

Recommendation

30. The formulation of the next CCF should be undertaken in the year 2001, subsequent to the evaluation of ongoing programmes and their adjustment. There is no urgent need to have an early CCF, given the current situation.

Agreed action

31. All programmes under implementation will be continued into next year, and contained within the period of the United Nations Development Assistance Framework II (2001-2005), and the programme will be oriented upstream. Ongoing programmes being viewed as pilot programmes linking to upstream advocacy may justify continuation of some of them into the next CCF. This issue will be reviewed with the Government.

IV. UNDP support to the United Nations

32. A major achievement has been the role of the resident coordinator in creating a cohesive United Nations country team. For UNDP, operating within the country team has brought several advantages, especially in the area of advocacy and in developing convergent approaches to poverty reduction. United Nations system organizations are increasingly familiar with each other's approaches and strategies. The UNDAF and Common Country Assessment (CCA) have improved UNDP programming processes.

33. A particularly striking feature in Ghana has been the close collaboration between UNDP and the World Bank, especially within the framework of the Consultative Group mechanism. UNDP has worked closely with the World Bank to support the Government in developing a network of aid coordination and the structure of thematic and sectoral groups. There is a close interactive relationship at the programme level, and between the resident coordinator and World Bank country director.

Recommendation

34. In the light of these accomplishments, no specific recommendations were made.

Agreed action

35. It has been agreed that the current strong collaboration with other United Nations agencies and the Bretton Woods institutions, especially the World Bank, will be continued. In addition, the Government will be assisted in developing a network of aid coordination.

V. Management arrangements

36. The quality of management of UNDP country operations (which is broader than the management of the CCF) has been impressive. Programme implementation has been effective, although there are some problems at the field level. The country office has functioned at a high level of competence, and an outstanding achievement of senior management has been the building of a close working relationship with the World Bank. During the first six months of year 2000, however, as a result of there being no UNDP resident representative, the organization lost its leadership role as resident coordinator within the country team. The management of programmes also had minor setbacks, as inevitably happens during a period of transition. As Ghana is one of 17 UNDP strategic countries, and is a country where UNDP has emerged as a key actor, continuity of senior management should be a high priority.

37. Management can be further improved through action on several fronts. National staff need to be trained in advocacy, upstream policy development, resource mobilization and relationships with the United Nations country team and the World Bank. Junior professional officers should be recognized as an important resource. In addition, there should be more opportunity for interchange of experiences between programmes; the use of information technology should be expanded; and the staff association should be more actively involved in upgrading the skills of its members. At the programme level, programme officers should be more active in discussions on substantive and technical issues and in undertaking monitoring and oversight functions. There should be an early evaluation of the modality of national execution, so that it can evolve into more than an accounting relationship and to avoid any conflict of interest among stakeholders.

Recommendation

38. The country office needs to enhance staff skills to face new demands in advocacy, resource mobilization and upstream policy development, as well as in creating a closer relationship between the country team and the World Bank. In addition, the national execution modality needs to be reviewed, and training must be arranged in the area of information technology.

Agreed action

39. The country office and the Government have agreed on an advocacy strategy, and the respective budgets are being revised and institutionalized. Staff training and reorientation are planned; a resource mobilization strategy is being formulated with participative inputs; and a national executive modality will be reviewed during formulation of the CCF. In the area of information technology, although poor usage has been reported, noticeable improvements have been made recently. Headquarters assistance has been sought to fully fund the country office plan.

Annex

Financial summary

Country: Ghana
CCF period: 1998-2001
Period covered by the country review: January 1998-December 2000

	Amount assigned for the full CCF period	*Amount actually made available for the period under review*	*Estimated expenditure for the period under review*
Regular resources	(Thousands of US dollars)		
Estimated IPF carry-over	6 007	6 007	-
TRAC 1.1.1 and TRAC 1.1.2 (66.7 per cent of TRAC 1.1.1)	13 584	11 637	13 078
SPPD/STS	996	965	800
Subtotal	**20 587**	**18 609**	**13 878**
	Amount targeted for the CCF	*Amount mobilized for the period under review*	*Estimated expenditure for the period under review*
Other resources	(Thousands of US dollars)		
Government cost-sharing	1 000	552	552
Third party cost-sharing	2 500	500	-
Funds, trust funds and other	3 261	4 181	1 779
GEF	2 428	2 860	805
Capacity 21	83	75	75
Montreal Protocol	450	446	414
Japan Trust Fund	300	-	-
UNDP Trust Fund	-	800	485
Subtotal	**6 761**	**5 233**	**2 331**
Grand total	**27 348**	**23 842**	**16 209**

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.